

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 102 – SB 317

April 24, 2017

**SUMMARY OF ORIGINAL BILL:** Requires the Commissioner of Revenue to annually report the status of the computerized titling and registration system for motor vehicles to the Transportation and Safety Committee of the Senate and the Transportation Committee of the House of Representatives, by March 15, rather than March 1.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

**SUMMARY OF AMENDMENTS (003999, 007805):** Amendment 003999 deletes all language after the enacting clause and rewrites the bill with the following sections:

**Sections 1 and 2** create a new specialty earmarked license plate for Save the Bees.

**Sections 3 and 4** create a new specialty earmarked license plate for Childhood Hunger Awareness.

**Sections 5 and 6** create a new specialty earmarked license plate for the Boy Scouts of America.

**Sections 7 and 8** create a new specialty earmarked license plate for In Remembrance.

**Sections 9 and 10** create a new specialty earmarked license plate for Strictly Vettes.

**Sections 11 and 12** create a new specialty earmarked license plate for the Baylor School.

**Sections 13 and 14** create a new specialty earmarked license plate for the Police Activities League.

**Sections 15 and 16** create a new specialty earmarked license plate for Martin Luther King, Jr.

**Sections 17 and 18** create a new specialty earmarked license plate for the Alzheimer's Association.

**Sections 19 and 20** create a new specialty earmarked license plate for Diabetes Awareness.

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**Sections 21 and 22** create a new specialty earmarked license plate for the Germantown Charity Horse Show.

**Sections 23 and 24** create a new specialty earmarked license plate for Mothers Against Drunk Driving (MADD).

**Sections 25 and 26** create a new cultural license plate for Retired female firefighter.

**Sections 27 and 28** create a new specialty earmarked license plate for A Soldier's Child.

**Sections 29 and 30** create a new specialty earmarked license plate for Childhood Cancer Awareness.

**Sections 31 and 32** create a new specialty earmarked license plate for Children's Hospital at Erlanger.

**Sections 33 and 34** create a new specialty earmarked license plate for Cystic Fibrosis Awareness.

**Sections 35, 36, 37, and 38** create a new specialty purpose license plate for Legislator Emeritus and establish the additional fee of \$25 per plate.

**Sections 39 and 40** create a new specialty earmarked license plate for the Chattanooga Football Club.

**Section 41** extends until July 1, 2018, the timeframe for the new specialty earmarked license plate for Historic Whitehaven to meet the issuance requirement of 1,000 plates.

**Section 42** extends until July 1, 2018, the timeframe for the new specialty earmarked license plate for Historic Collierville to meet the issuance requirement of 1,000 plates.

**Section 43** extends until July 1, 2018, the timeframe for the new specialty earmarked license plate for Ohio State University to meet the issuance requirement of 1,000 plates.

**Section 44** extends until July 1, 2018, the timeframe for the new specialty earmarked license plate for Justin P. Wilson Cumberland Trail State Scenic Trail State Park to meet the issuance requirement of 1,000 plates.

**Section 45** creates a new design for the specialty earmarked license plate for Vietnam Veteran.

**Section 46** creates a new design for the specialty earmarked license plate for Korean War Veteran.

**Section 47** creates a new design for the specialty earmarked license plate for Desert Storm Veteran.

**Section 48** creates a new design for the specialty earmarked license plate for Operation Iraqi Freedom.

**Section 49** creates a new design for the specialty earmarked license plate for Operation Enduring Freedom.

**Section 50** creates a new design for the specialty earmarked license plate for Operation New Dawn.

**Section 51** establishes the redesigns of license plates provided in Sections 45 through 50 shall only be effectuated up the existing inventory of the plates being utilized by the Department of Revenue (DOR).

**Section 52** extends until July 1, 2018, the timeframe for the new specialty earmarked license plate for the Niswonger Children's Hospital to meet the issuance requirement of 1,000 plates.

Amendment 007805 extends until July 1, 2018, the timeframe for the new specialty earmarked license plate for the Pat Summitt Foundation to meet the issuance requirement of 1,000 plates.

## **FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:**

### **Increase State Revenue –**

**\$102,900/General Fund/FY17-18**

**\$353,600/Specialty Plate Organizations/FY17-18**

**\$307,500/Tennessee Arts Commission/FY17-18**

**\$80,900/Highway Fund/FY17-18**

**\$100/General Fund/FY18-19 and Subsequent Years**

**\$402,500/Specialty Plate Organizations/FY18-19 and Subsequent Years**

**\$350,000/Tennessee Arts Commission/FY18-19 and Subsequent Years**

**\$92,400/Highway Fund/FY18-19 and Subsequent Years**

### **Increase State Expenditures - \$102,900/General Fund/FY17-18**

#### *Assumptions for the bill as amended relative to new specialty earmarked license plates:*

- Pursuant to Tenn. Code Ann. § 55-4-201(h)(1), new specialty earmarked license plates will be subject to a minimum order of at least 1,000 plates prior to initial issuance. Any plate that does not meet the minimum order requirement within one year after passage of the authorizing act will become invalid.
- One-time production costs of \$4.25 per license plate resulting in one-time expenditures of \$4,250 (1,000 x \$4.25).

- It is assumed there will be an additional 23 license plates issued (17 new specialty earmarked license plates and 6 time extensions granted for issuance). The increase in state expenditures in FY17-18 for the production of all specialty earmarked license plates is estimated to be \$97,750 ( $\$4,250 \times 23$ ).
- The price for each specialty earmarked plate is \$35 resulting in revenue of \$35,000 (1,000 plates at \$35 each). The total increase in revenue generated by all license plates is \$805,000 ( $\$35,000 \times 23$  additional license plates).
- Net proceeds from the sale of new specialty marked license plates will be allocated as follows: 50 percent to the specialty plate organization; 40 percent to the Tennessee Arts Commission; and 10 percent to the state Highway Fund.
- For FY17-18, the increase in revenue to the General Fund is \$97,750; the increase in revenue to the specialty plate organizations is \$353,625 [ $(\$805,000 - \$97,750) \times 50\%$ ]; the increase in revenue to the Tennessee Arts Commission is \$282,900 [ $(\$805,000 - \$97,750) \times 40\%$ ]; and the increase in revenue to the state Highway Fund \$70,725 [ $(\$805,000 - \$97,750) \times 10\%$ ].
- For FY18-19 and subsequent years, the increase in revenue to the specialty organizations is \$402,500 ( $\$805,000 \times 50\%$ ); the increase in revenue to the Tennessee Arts Commission is \$322,000 ( $\$805,000 \times 40\%$ ); and the increase in revenue to the state Highway Fund is \$80,500 ( $\$805,000 \times 10\%$ ).

*Assumptions for the bill as amended relative to the new cultural license plate:*

- Pursuant to Tenn. Code Ann. § 55-4-201(h)(1), new cultural license plates will be subject to a minimum order of at least 1,000 plates prior to initial issuance. Any plate that does not meet the minimum order requirement within one year after passage of the authorizing act will become invalid.
- One-time production costs of \$4.25 per license plate resulting in one-time expenditures of \$4,250 ( $1,000 \times \$4.25$ ).
- It is assumed there will be one additional cultural license plate issued. The increase in state expenditures in FY17-18 for the production of a cultural license plate is estimated to be \$4,250 ( $\$4,250 \times 1$  license plate).
- The price for each cultural plate is \$35, resulting in revenue of \$35,000 (1,000 plates at \$35 each). The total increase in revenue generated by all new cultural license plates is \$35,000 ( $\$35,000 \times 1$  additional license plate).
- Pursuant to Tenn. Code Ann § 55-4-216, net proceeds from the sale of new cultural license plates will be allocated as follows: 80 percent to the Tennessee Arts Commission; and 20 percent to the state Highway Fund.
- For FY17-18, the increase in revenue to the General Fund is \$4,250; the increase in revenue to the Tennessee Arts Commission is \$24,600 [ $(\$35,000 - \$4,250) \times 80\%$ ]; and the increase in revenue to the state Highway Fund \$6,150 [ $(\$35,000 - \$4,250) \times 20\%$ ].
- For FY18-19 and subsequent years, the increase in revenue to the Tennessee Arts Commission is \$28,000 ( $\$35,000 \times 80\%$ ); and the increase in revenue to the state Highway Fund is \$7,000 ( $\$35,000 \times 20\%$ ).

*Assumptions for the bill as amended relative to the new specialty purpose license plate:*

- Based on the information provided by DOR, new specialty purpose license plates will be subject to a minimum order of 200 plates.
- One-time production costs of \$4.25 per license plate resulting in one-time expenditures of \$850 (200 x \$4.25).
- It is assumed there will be one additional specialty purpose license plate issued. The increase in state expenditures in FY17-18 for the production of a specialty purpose plate is estimated to be \$850 (\$850 x 1 license plate).
- Based on the information provided by DOR, the price for each specialty purpose plate is \$25, resulting in revenue of \$5,000 (200 plates at \$25 each). The total increase in revenue generated by all license plates is \$5,000 (\$5,000 x 1 additional license plate).
- Pursuant to Tenn. Code Ann § 55-4-216, net proceeds from the sale of new specialty purpose license plates will be allocated as follows: 2 percent to the General Fund and 98 percent to the state Highway Fund.
- For FY17-18, the increase in revenue to the General Fund is \$850; the additional increase in revenue to the General Fund is \$83 [(\$5,000 - \$850) x 2%]; and the increase in revenue to the state Highway Fund \$4,067 [(\$5,000 - \$850) x 98%].
- For FY18-19 and subsequent years, the increase in revenue to the General fund is \$100 (\$5,000 x 2%); and the increase in revenue to the state Highway Fund is \$4,900 (\$5,000 x 98%).

*General Assumptions for the bill as amended:*

- The total increase in state revenue to the General Fund in FY17-18 is estimated to be \$102,933 (\$97,750 + \$4,250 + \$850 + \$83)
- The total increase in state revenue to the General Fund in FY18-19 and subsequent years is estimated to be \$100.
- The total increase in state revenue to the Specialty Plate Organizations in FY17-18 is estimated to be \$353,625.
- The total increase in state revenue to the Specialty Plate Organizations in FY18-19 and subsequent years is estimated to be \$402,500.
- The total increase in state revenue to the Tennessee Arts Commission in FY17-18 is estimated to be \$307,500 (\$282,900 + \$24,600).
- The total increase in state revenue to the Tennessee Arts Commission in FY18-19 and subsequent years is estimated to be \$350,000 (\$322,000 + \$28,000).
- The total increase in state revenue to the Highway Fund in FY17-18 is estimated to be \$80,942 (\$70,725 + \$6,150 + \$4,067).
- The total increase in state revenue to the Highway Funds in FY18-19 and subsequent years is estimated to be \$92,400 (\$80,500 + \$7,000 + \$4,900).
- The total increase in state expenditures to the General Fund is estimated to be \$102,850 (\$97,750 + \$4,250 + \$850).
- The redesign and manufacture of the 6 plates in Sections 45 through 50 will take place in the normal course of business. As a result, any increase in state expenditures is estimated to be not significant because the DOR would order and pay for additional batches of

plates under current law as inventories for any such plate are exhausted. It is assumed that any future cost to redesign and manufacture the plates as proposed by this bill as amended would approximate the future cost incurred under current law to replace exhausted inventories as they occur.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

/rbp